



Imbabazane Municipality
Annual Financial Statements
for the year ended 30 June 2012

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

General Information

Mayoral committee

Mayor	Mr. M C Mkhize
Deputy Mayor	Ms. T Y Nqubuka
Speaker	Mr. B D Mazibuko
Councillors	25

Grading of local authority 2

Acting Chief Financial Officer Mr. S Dube

Accounting Officer Mr. M M Ndlela

Registered office Ntabamhlophe
Sobabili Area
Estcourt
3310

Business address Ntabamhlophe
Sobabili
Estcourt
3310

Postal address P.O.Box 750
Estcourt
3310

Telephone Number 036 353 0625/81/91/93

Fax Number 036 353 6661

Auditors Auditor General

Bankers ABSA Public Sector Newcastle

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June, 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 30, which have been prepared on the going concern basis, were approved by the on 31 August 2012 and were signed on its behalf by:

Mr. M M Ndlela
Municipal Manager

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June, 2012.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Trade and other receivables	6	2,086,832	2,112,397
VAT receivable	7	950,588	2,010,606
Consumer debtors	8	2,764,891	1,080,254
Investments	5	10,000,000	15,000,000
Cash and cash equivalents	9	31,935,057	10,087,568
		47,737,368	30,290,825
Non-Current Assets			
Investment property	2	1,707,823	1,787,873
Property, plant and equipment	3	64,143,641	50,537,978
Intangible assets	4	78,017	14,048
		65,929,481	52,339,899
Non-Current Assets		65,929,481	52,339,899
Current Assets		47,737,368	30,290,825
Total Assets		113,666,849	82,630,724
Liabilities			
Current Liabilities			
Trade and other payables	13	2,739,154	2,551,939
Unspent conditional grants and receipts	11	19,214,958	20,293,845
		21,954,112	22,845,784
Non-Current Liabilities			
Finance lease obligation	10	532,259	-
Provisions	12	1,154,089	1,081,784
		1,686,348	1,081,784
Non-Current Liabilities		1,686,348	1,081,784
Current Liabilities		21,954,112	22,845,784
Total Liabilities		23,640,460	23,927,568
Assets		113,666,849	82,630,724
Liabilities		(23,640,460)	(23,927,568)
Net Assets		90,026,389	58,703,156
Net Assets			
Accumulated surplus		90,026,389	58,703,156

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	15	4,791,958	2,850,809
Rental of facilities and equipment		50,918	35,806
Fines		1,711	-
Licences and permits		702	-
Government grants & subsidies	16	83,182,307	60,170,841
Other income		284,923	169,599
Gain on disposal of assets		208,500	-
Interest received	21	989,813	1,052,183
Total Revenue		89,510,832	64,279,238
Expenditure			
Personnel	19	(13,692,025)	(12,896,302)
Remuneration of councillors	20	(5,562,927)	(4,245,756)
Depreciation and amortisation	22	(4,890,842)	(4,404,514)
Finance costs	23	(28,507)	(30,668)
Repairs and maintenance		(2,646,847)	(2,307,126)
General Expenses	18	(30,695,812)	(24,010,803)
Total Expenditure		(57,516,960)	(47,895,169)
Revenue		89,510,832	64,279,238
Expenditure		(57,516,960)	(47,895,169)
Other		-	-
Surplus for the year		31,993,872	16,384,069

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	39,337,266	39,337,266
Adjustments		
Balance at 01 July, 2010 as restated	39,337,266	39,337,266
Changes in net assets		
Correction of error	2,981,821	2,981,821
Net income (losses) recognised directly in net assets	-	-
Surplus for the year	16,384,069	16,384,069
Total recognised income and expenses for the year	16,384,069	16,384,069
Total changes	16,384,069	16,384,069
Opening balance as previously reported	58,703,156	58,703,156
Balance at 01 July, 2011 as restated	58,703,156	58,703,156
Changes in net assets		
Adjustments	(670,639)	(670,639)
Net income (losses) recognised directly in net assets	(670,639)	(670,639)
Surplus for the year	31,993,872	31,993,872
Total recognised income and expenses for the year	31,323,233	31,323,233
Total changes	31,323,233	31,323,233
Balance at 30 June, 2012	90,026,389	90,026,389

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Property Rates		3,107,321	2,862,525
Grants		83,610,574	60,170,841
Interest income		989,813	1,052,183
Other cash item		102,254	170,219
		<u>87,809,962</u>	<u>64,255,768</u>
Payments			
Employee costs		(19,254,952)	(17,142,058)
Suppliers		(33,456,579)	(30,938,937)
Finance costs		28,507	30,668
		<u>(52,683,024)</u>	<u>(48,050,327)</u>
Total receipts		87,809,962	64,255,768
Total payments		(52,683,024)	(48,050,327)
Net cash flows from operating activities	25	35,193,665	16,205,441
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(18,396,524)	(19,648,529)
Purchase of other intangible assets	4	(82,112)	(6,547)
(Increase) / Decrease in investments		5,000,000	(10,000,000)
Proceeds from sale of property, plant and equipment		208,500	-
Finance costs		(28,507)	(30,668)
Net cash flows from investing activities		(13,298,643)	(29,685,744)
Cash flows from financing activities			
Finance lease payments		(47,532)	(119,122)
Net increase/(decrease) in cash and cash equivalents		21,847,490	(13,599,425)
Cash and cash equivalents at the beginning of the year		10,087,568	23,686,994
Cash and cash equivalents at the end of the year	9	31,935,058	10,087,569

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	30 years

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1.2 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Infrastructure	
• Roads	10 years
Community	
• Outdoor sports facilities	20
• Community Halls	30
• Public Conveniences	30
Other property, plant and equipment	
• Computer Software (part of computer)	5
• Emergency equipment	5 - 15
• Furniture and Fittings	3 - 10
• Motor Vehicles	5
• Office Equipment	5
• Other Assets	2-30

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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Accounting Policies

1.3 Intangible assets

Intangible assets comprise computer software and anti-virus software and are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided for intangible assets on a straight line basis over their useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1.6 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

1.7 Revenue from exchange transactions

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.8 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

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Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1.9 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.10 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.11 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.12 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1.13 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.15 Presentation of currency

These annual financial statements are presented in South African Rand.

1.16 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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2. Investment property

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,401,490	(693,667)	1,707,823	2,401,490	(613,617)	1,787,873

Reconciliation of investment property - 2012

	Opening balance	Depreciation	Total
Investment property	1,787,873	(80,050)	1,707,823

Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Investment property	1,867,923	(80,050)	1,787,873

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

When the municipality's policy is to subsequently measure investment property on the cost model, when the municipality cannot determine the fair value of the investment property reliably, the municipality must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

3. Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	9,486,133	(1,926,271)	7,559,862	9,250,133	(1,617,278)	7,632,855
Plant and machinery	6,333,570	(1,865,982)	4,467,588	5,353,870	(1,406,634)	3,947,236
Furniture and fixtures	1,341,413	(881,982)	459,431	1,256,763	(733,025)	523,738
Motor vehicles	2,835,978	(1,858,133)	977,845	2,330,220	(1,610,223)	719,997
Office equipment	2,046,631	(1,622,722)	423,909	1,880,771	(1,392,194)	488,577
Infrastructure	31,881,188	(8,309,187)	23,572,001	23,837,423	(5,629,218)	18,208,205
Community	9,691,117	(1,842,076)	7,849,041	9,691,117	(1,519,039)	8,172,078
Capital Work in progress	18,314,346	-	18,314,346	10,773,952	-	10,773,952
Finance Leases	1,005,812	(486,194)	519,618	426,000	(353,306)	72,694
Total	82,936,188	(18,792,547)	64,143,641	64,800,249	(14,260,917)	50,539,332

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Buildings	7,632,853	236,000	(308,993)	7,559,860
Plant and machinery	3,947,660	1,002,700	(482,772)	4,467,588
Furniture and fixtures	523,738	84,650	(148,957)	459,431
Motor vehicles	719,997	743,342	(485,493)	977,846
Office equipment	488,576	165,861	(230,527)	423,910
Infrastructure	18,208,205	8,043,765	(2,679,969)	23,572,001
Community	8,172,078	-	(323,037)	7,849,041
Work in progress	10,773,952	7,540,394	-	18,314,346
Finance Leases	72,694	579,812	(132,889)	519,617
	50,539,753	18,396,524	(4,792,637)	64,143,640

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	7,941,191	-	-	(308,338)	7,632,853
Plant and machinery	2,609,819	1,740,000	-	(402,583)	3,947,236
Furniture and fixtures	680,308	1,053	-	(157,623)	523,738
Motor vehicles	1,138,524	-	-	(418,527)	719,997
Office equipment	711,335	52,467	-	(275,226)	488,576
Infrastructure	10,765,066	9,718,109	-	(2,276,749)	18,206,426
Community	7,072,421	1,438,680	-	(339,023)	8,172,078
Work in progress	4,184,109	10,773,952	(4,184,109)	-	10,773,952
Finance Leases	208,444	-	-	(135,750)	72,694
	35,311,217	23,724,261	(4,184,109)	(4,313,819)	50,537,550

Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note 2 certain property, plant and equipment with a carrying value of R 36,249,481 (2011: R -) was recognised at provisional amounts. Carrying amounts of property, plant and equipment carried at provisional amounts are as follows:

Imbabazane Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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3. Property, plant and equipment (continued)

Due to initial adoption of GRAP 17

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is as follows:

The Municipality is in the process of appointing suitably qualified consultants to perform a complete valuation of all assets during the next financial year.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

4. Intangible assets

	2012			2011		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	162,386	(84,369)	78,017	80,264	(66,216)	14,048

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	14,048	82,112	(18,153)	78,017

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	17,964	6,547	(10,463)	14,048

5. Investments

Opening Balance	15,000,000	5,000,000
Movements	(5,000,000)	10,000,000
Closing Balance	10,000,000	15,000,000

The investment account comprises of a monthly fixed deposit account held with ABSA - Account number 20-7058-8567.

6. Trade and other receivables

Trade debtors	-	-
Other debtors	2,086,832	2,112,397
	2,086,832	2,112,397

7. VAT receivable

VAT	950,588	2,010,606
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Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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7. VAT receivable (continued)

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to the South African Revenue Services.

8. Consumer debtors

Gross balances

Rates	2,764,891	1,080,254
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Net balance

Rates	2,764,891	1,080,254
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Rates

Current (0 -30 days)	154,860	80,335
31 - 60 days	142,642	67,586
61 - 90 days	132,794	68,015
91 - 120 days	138,545	48,791
121 - 365 days	2,196,051	815,527
	2,764,891	1,080,254

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,000	1,000
Bank balances	31,934,057	10,086,568
	31,935,057	10,087,568

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
ABSA Bank Limited Newcastle Current Account - 4056119170	28,695,589	4,473,033	17,630,643	25,459,352	2,717,726	15,075,831
15075831	6,696,905	7,368,115	8,606,843	6,474,705	7,368,115	8,606,843
ABSA Bank Limited Newcastle Current Account - 4065013195	-	865	3,457	-	865	3,457
ABSA Account 2	-	-	-	-	(137)	(137)
Total	35,392,494	11,842,013	26,240,943	31,934,057	10,086,569	23,685,994

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
10. Finance lease obligation		
Minimum lease payments due		
- within one year	225,122	-
- in second to fifth years	419,154	-
	644,276	-
less: future finance charges	(112,017)	-
Present value of minimum lease payments	532,259	-
Present value of minimum lease payments due		
- within one year	159,248	-
- in second to fifth years	373,011	-
	532,259	-

The average lease term was 3 years and the average effective borrowing rate was 2% (2011: -%).

Interest rates are fixed at the contract date. All leases escalate at 10% p.a and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
MSIG	133,565	136,857
Financial Interns	564,528	376,480
MIG	9,675,916	9,574,539
Zwelisha Craig Housing	8,840,949	2,042,027
Low Cost Housing	-	7,816,386
Other Grants	-	347,556
	19,214,958	20,293,845
Movement during the year		
Balance at the beginning of the year	20,393,845	27,146,847
Additions during the year	26,200,340	17,242,698
Income recognition during the year	(27,379,227)	(24,095,700)
	19,214,958	20,293,845

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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12. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Reversed during the year	Total
Leave Provision	1,081,784	360,266	(287,961)	1,154,089

Reconciliation of provisions - 2011

	Opening Balance	Reduction due to re-measurement or settlement without cost to entity	Total
Leave Provision	1,118,331	(36,547)	1,081,784

The leave provision represents the number of leave days due to individual staff members at year end. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

13. Trade and other payables

Trade payables	14,859	128,029
Provision for bonus	761,250	735,345
Unallocated Deposits & Estate Late Suspense Liability	1,963,045	1,688,565
	2,739,154	2,551,939

14. Revenue

Property rates	4,791,958	2,850,809
Rental of facilities & equipment	50,918	35,806
Fines	1,711	-
Licences and permits	702	-
Government grants & subsidies	83,182,307	60,170,841
	88,027,596	63,057,456

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities & equipment	50,918	35,806
Licences and permits	702	-
	51,620	35,806

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	4,791,958	2,850,809
Fines	1,711	-
Government Grants and Subsidies	83,182,307	60,170,841
	87,975,976	63,021,650

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
15. Property rates		
Rates received		
Commercial	88,238	22,109
State	4,380,509	2,589,696
Small holdings and farms	323,211	239,004
	4,791,958	2,850,809

The Municipality introduce the levying of Property Rates with effect 1 July 2009.

Valuations

Commercial	251,478,750	5,000,000
State	3,601,392,198	370,784,162
Small holdings and farms	4,284,584,000	103,253,000
	8,137,454,948	479,037,162

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Different rate randage are charged for the different category of rate payers. No additional rebates were granted to any categories of ratepayers except for the compulsory phasing-in of certain rates as contained in the Council's approved Property Rating Policy.

Rates are levied on an monthly basis in twelve (12) equal instalments payable on the 7 of the subsequent month. No interest and collection charges are levied on outstanding rates accounts, as agreed with the municipaity as part of the phased-in process.

The new general valuation will be implemented on 01 July 2009.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
16. Government grants and subsidies		
Equitable share	57,268,100	47,955,522
Government grants	25,914,207	12,215,319
	83,182,307	60,170,841

Equitable Share

In terms of the Constitution, this a portion of the grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	9,574,539	7,410,892
Current year receipts	17,281,000	10,840,000
Conditions met - transferred to revenue	(17,179,623)	(8,676,353)
	9,675,916	9,574,539

Conditions still to be met - remain liabilities (see note 11)

The unspent portion is ring-fenced for completion of projects in the current year.

Financial Management Grant

Balance unspent at beginning of year	376,480	80,159
Current-year receipts	1,500,000	1,250,000
Conditions met - transferred to revenue	(1,311,953)	(953,679)
	564,527	376,480

Conditions still to be met - remain liabilities (see note 11)

The unspent portion earmarked for the implementation of the Asset Management Module.

MSIG

Balance unspent at beginning of year	136,857	171,010
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(793,291)	(784,153)
	133,566	136,857

Conditions still to be met - remain liabilities (see note 11)

Housing Zwelisha

Balance unspent at beginning of year	2,042,027	8,630,267
Conditions met - transferred to revenue	(1,822,580)	(6,588,240)
Consolidated to Housing Account	(219,447)	-
	-	2,042,027

Conditions still to be met - remain liabilities (see note 11)

Housing LOCH-SLOY

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
16. Government grants and subsidies (continued)		
Balance unspent at beginning of year	7,816,386	7,816,386
Consolidated to Housing Account	(7,816,386)	-
	-	7,816,386

Conditions still to be met - remain liabilities (see note 11)

Housing Projects

Balance unspent at beginning of year	677,007	677,007
Consolidation of Housing Grants	8,163,942	-
	8,840,949	677,007

Conditions still to be met - remain liabilities (see note 11)

The unspent grants are earmarked for Housing Projects in the financial ended 30 June 2013.

Other Grants

Balance unspent at beginning of year	347,556	347,556
Consolidated to Housing Account	(347,556)	-
	-	347,556

Conditions still to be met - remain liabilities (see note 11)

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

17. Other revenue

Sundry Income	284,923	169,599
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The amount included in other revenue arising from non-exchange transactions is as follows:

Income Tender fees	40,450	16,050
Copies	8,473	851
Other	236,000	152,698
	284,923	169,599

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
18. General expenses		
Advertising	308,753	95,111
Audit Fees	1,279,733	997,434
Bank charges	32,722	36,194
Cleaning	299,542	7,281
Computer expenses	32,959	319,641
Consulting and professional fees	475,467	223,503
Electricity	329,221	113,787
Entertainment	305,632	312,077
Insurance	268,283	301,520
Interest Paid	8,815	7,606
Lease rentals on operating lease	232,692	174,402
Magazines, books and periodicals	9,000	200,600
Meetings Sub. and Travel	752,932	357,108
Motor vehicle expenses	634,420	330,652
Operational Grant Expenditure	23,397,298	17,943,124
Postage and courier	5,826	2,370
Printing and stationery	500,056	553,077
Protective clothing	36,801	17,782
Security (Guarding of municipal property)	1,289,563	1,123,699
Subscriptions and membership fees	21,200	3,480
Telephone and fax	291,298	659,385
Tourism development	158,691	59,175
Training	24,908	171,795
	30,695,812	24,010,803

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
19. Employee related costs		
Basic	9,746,164	9,137,452
Bonus	635,973	1,120,343
Medical aid and pension fund contributions	1,318,275	760,910
UIF	55,111	84,685
SDL	173,446	144,662
Travel, motor car, accommodation, subsistence and other allowances	1,151,451	1,573,679
Housing benefits and allowances	611,605	74,571
	13,692,025	12,896,302
Remuneration of municipal manager		
Annual Remuneration	586,327	505,992
Car Allowance	170,856	162,720
Contributions to UIF, Medical and Pension Funds	16,526	7,571
	773,709	676,283
Remuneration of chief finance officer		
Annual Remuneration	54,564	428,380
Car Allowance	-	48,000
Contributions to UIF, Medical and Pension Funds	-	75,432
	54,564	551,812
Remuneration of Community Services Manager		
Annual Remuneration	265,136	170,350
Car Allowance	63,000	50,000
Contributions to UIF, Medical and Pension Funds	1,942	8,057
	330,078	228,407
Corporate and human resources (corporate services)		
Annual Remuneration	501,166	420,360
Car Allowance	113,904	108,480
Contributions to UIF, Medical and Pension Funds	7,455	23,359
	622,525	552,199
20. Remuneration of councillors		
Mayor	581,305	292,726
Deputy Mayor	482,832	395,804
Mayoral Committee Members	695,443	123,945
Speaker	261,206	225,066
Councillors	3,542,141	3,208,215
	5,562,927	4,245,756

In-kind benefits

The Mayor and Deputy are full-time. The Speaker is part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicles for official duties. The Mayor has five full time bodyguards and one driver. The Deputy Mayor has two full-time bodyguards and Speaker have two full-time bodyguard.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
21. Investment revenue		
Interest revenue		
Investments	989,813	1,035,837
Interest Other	-	16,346
	989,813	1,052,183
	-	-
	989,813	1,052,183
22. Depreciation and amortisation		
Property, plant and equipment	4,800,783	4,324,464
Investment property	80,050	80,050
	4,880,833	4,404,514
23. Finance costs		
Finance leases	28,507	30,668
24. Auditors' remuneration		
Fees	1,279,733	997,434
25. Cash generated from operations		
Surplus	31,993,872	16,384,069
Adjustments for:		
Depreciation and amortisation	4,890,842	4,404,514
Finance costs - Finance leases	28,507	30,668
Movements in provisions	72,305	(36,547)
Changes in working capital:		
Trade and other receivables	(1,659,072)	43,255
Other receivables from non-exchange transactions	(301,136)	11,717
Trade and other payables	187,216	605,219
VAT	1,060,018	(2,279,597)
Unspent conditional grants and receipts	(1,078,887)	(2,957,857)
	35,193,665	16,205,441

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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26. Commitments

Authorised capital expenditure

Already contracted and provided for

• Property, plant and equipment	41,468,000	23,664,000
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This committed expenditure relates to property, plant and equipment and will be financed from unspent infrastructure grants.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	-	101,952
- in second to fifth year inclusive	-	203,904
	-	305,856

Operating lease payments represent rentals payable by the municipality for certain of its office machines. Leases are negotiated for an average term of three years and rentals are fixed..

27. Contingencies

Contingent liabilities

- The following litigations have been brought against the municipality:
- Ashara Sookraj is suing the Municipality for R 12,023.14, and Tholuwazi Driving School is suing the municipality for R 23,000.00 respectively. The contingent liability includes legal costs and should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.
- The KZN Department of Co-operative Governance and Traditional Affairs (COGTA) are bringing an order against the municipality for the non-compliance of Section 56 and 57 and the amendments of Chapter 7 of the Systems Act.

28. Prior period errors

During the year ended 30 June 2011, Unspent grant liabilities, was overstated due to incorrect recording of expenditure, VAT debtor was overstated as VAT claimable was disallowed by SARS, and Trade and Other Payables was overstated as the accrual for ESKOM was duplicated.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Unspent Grants	-	(3,895,145)
VAT Debtor	-	(913,323)
Trade and Other Payables - Accruals	-	(108,378)

29. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

30. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	8,815	7,606
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Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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30. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure was incurred in the form of interest paid, due to invoices for Telkom and Eskom not being settled in 30 days as required. Efforts have been made to contact the service provider in respect of late receipt of invoices for payment, however due to the nature of the services provided full payment had to be made.

31. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	1,279,733	997,434
Amount paid - current year	(1,279,733)	(997,434)
	-	-

PAYE and UIF

Current year subscription / fee	3,209,319	2,575,010
Amount paid - current year	(3,209,319)	(2,575,010)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	1,057,035	1,289,840
Amount paid - current year	(1,057,035)	(1,289,840)
	-	-

VAT

VAT receivable	950,588	2,010,606
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VAT output payables and VAT input receivables are shown in note 8.

All VAT returns have been submitted by the due date throughout the financial year.

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

32. Statement of comparative and actual information

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Property rates	2,594,000	4,800,000	4,800,000	4,791,958	8,042	100 %	
Investment revenue	1,000,000	1,000,000	1,000,000	989,813	10,187	99 %	
Transfers recognised - operational	59,887,000	60,366,000	60,366,000	83,182,307	(22,816,307)	138 %	
Other own revenue	216,000	547,000	547,000	546,754	246	100 %	
Total revenue (excluding capital transfers and contributions)	63,697,000	66,713,000	66,713,000	89,510,832	(22,797,832)	134 %	
Employee costs	(18,134,000)	(16,233,000)	(16,233,000)	(13,692,025)	(2,540,975)	84 %	
Remuneration of councillors	(5,129,000)	(5,819,000)	(5,819,000)	(5,562,927)	(256,073)	96 %	
Depreciation and asset impairment	(5,000,000)	(5,000,000)	(5,000,000)	(4,890,842)	(109,158)	98 %	
Finance charges	-	(8,000)	(8,000)	(28,507)	20,507	356 %	D
Other expenditure	(31,334,000)	(30,553,000)	(30,553,000)	(33,342,659)	2,789,659	109 %	
Total expenditure	(59,597,000)	(57,613,000)	(57,613,000)	(57,516,960)	(96,040)	100 %	
Total revenue (excluding capital transfers and contributions)	63,697,000	66,713,000	66,713,000	89,510,832	(22,797,832)	134 %	
Total expenditure	(59,597,000)	(57,613,000)	(57,613,000)	(57,516,960)	(96,040)	100 %	
Surplus/(Deficit)	4,100,000	9,100,000	9,100,000	31,993,872	(22,893,872)	352 %	
Surplus (Deficit) after capital transfers and contributions	4,100,000	9,100,000	9,100,000	31,993,872	(22,893,872)	352 %	
Surplus/(Deficit) for the year	4,100,000	9,100,000	9,100,000	31,993,872	(22,893,872)	352 %	

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

32. Statement of comparative and actual information (continued)

				Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources										
Cash flows										
Net cash from (used) operating	-	-	-	35,193,665	(35,193,665)	DIV/0 %	DIV/0 %			
Net cash from (used) investing	-	-	-	(13,298,643)	13,298,643	DIV/0 %	DIV/0 %			
Net cash from (used) financing	-	-	-	(47,532)	47,532	DIV/0 %	DIV/0 %			
Net increase/(decrease) in cash and cash equivalents	-	-	-	21,847,490	(21,847,490)	DIV/0 %	DIV/0 %			
Cash and cash equivalents at the beginning of the year	-	-	-	10,834,344	(10,834,344)	DIV/0 %	DIV/0 %			
Net increase / (decrease) in cash and cash equivalents	-	-	-	21,847,490	(21,847,490)	DIV/0 %	DIV/0 %			
Cash and cash equivalents at the beginning of the year	-	-	-	10,834,344	(10,834,344)	DIV/0 %	DIV/0 %			
Cash and cash equivalents at year end	-	-	-	32,681,834	(32,681,834)	DIV/0 %	DIV/0 %			

Imbabazane Municipality

Annual Financial Statements for the year ended 30 June, 2012

Appendix A

Analysis of property, plant and equipment as at 30 June 2012

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Buildings (Separate for AFS purposes)	9,250,133	236,000	-	-	-	-	9,486,133	(1,617,278)	-	-	(308,993)	-	(1,926,271)	7,559,862
	9,250,133	236,000	-	-	-	-	9,486,133	(1,617,278)	-	-	(308,993)	-	(1,926,271)	7,559,862
Infrastructure														
Roads, Pavements & Bridges	34,611,375	15,584,159	-	-	-	-	50,195,534	(5,629,218)	-	-	(2,679,969)	-	(8,309,187)	41,886,347
	34,611,375	15,584,159	-	-	-	-	50,195,534	(5,629,218)	-	-	(2,679,969)	-	(8,309,187)	41,886,347
Community Assets														
Community halls	9,691,117	-	-	-	-	-	9,691,117	(1,519,039)	-	-	(323,037)	-	(1,842,076)	7,849,041
	9,691,117	-	-	-	-	-	9,691,117	(1,519,039)	-	-	(323,037)	-	(1,842,076)	7,849,041

Appendix A

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
General vehicles	2,330,220	743,342	(237,584)	-	-	-	2,835,978	(1,610,222)	237,584	-	(485,493)	-	(1,858,131)	977,847
Plant & equipment	5,353,870	1,002,700	(23,000)	-	-	-	6,333,570	(1,406,210)	23,000	-	(482,772)	-	(1,865,982)	4,467,588
Furniture & Fittings	1,256,763	84,650	-	-	-	-	1,341,413	(733,025)	-	-	(148,957)	-	(881,982)	459,431
Office Equipment	1,880,770	165,861	-	-	-	-	2,046,631	(1,392,194)	-	-	(230,527)	-	(1,622,721)	423,910
Other Assets - Leased	426,000	579,812	-	-	-	-	1,005,812	(353,306)	-	-	(132,889)	-	(486,195)	519,617
	11,247,623	2,576,365	(260,584)	-	-	-	13,563,404	(5,494,957)	260,584	-	(1,480,638)	-	(6,715,011)	6,848,393
Total property plant and equipment														
Land and buildings	9,250,133	236,000	-	-	-	-	9,486,133	(1,617,278)	-	-	(308,993)	-	(1,926,271)	7,559,862
Infrastructure	34,611,375	15,584,159	-	-	-	-	50,195,534	(5,629,218)	-	-	(2,679,969)	-	(8,309,187)	41,886,347
Community Assets	9,691,117	-	-	-	-	-	9,691,117	(1,519,039)	-	-	(323,037)	-	(1,842,076)	7,849,041
Other assets	11,247,623	2,576,365	(260,584)	-	-	-	13,563,404	(5,494,957)	260,584	-	(1,480,638)	-	(6,715,011)	6,848,393
	64,800,248	18,396,524	(260,584)	-	-	-	82,936,188	(14,260,492)	260,584	-	(4,792,637)	-	(18,792,545)	64,143,643
Intangible assets														
Computers - software & programming	80,264	82,122	-	-	-	-	162,386	(66,216)	-	-	(18,153)	-	(84,369)	78,017
	80,264	82,122	-	-	-	-	162,386	(66,216)	-	-	(18,153)	-	(84,369)	78,017
Investment properties														
Investment property	2,401,490	-	-	-	-	-	2,401,490	(613,617)	-	-	(80,049)	-	(693,666)	1,707,824
	2,401,490	-	-	-	-	-	2,401,490	(613,617)	-	-	(80,049)	-	(693,666)	1,707,824
Total														
Land and buildings	9,250,133	236,000	-	-	-	-	9,486,133	(1,617,278)	-	-	(308,993)	-	(1,926,271)	7,559,862
Infrastructure	34,611,375	15,584,159	-	-	-	-	50,195,534	(5,629,218)	-	-	(2,679,969)	-	(8,309,187)	41,886,347
Community Assets	9,691,117	-	-	-	-	-	9,691,117	(1,519,039)	-	-	(323,037)	-	(1,842,076)	7,849,041
Other assets	11,247,623	2,576,365	(260,584)	-	-	-	13,563,404	(5,494,957)	260,584	-	(1,480,638)	-	(6,715,011)	6,848,393
Intangible assets	80,264	82,122	-	-	-	-	162,386	(66,216)	-	-	(18,153)	-	(84,369)	78,017
Investment properties	2,401,490	-	-	-	-	-	2,401,490	(613,617)	-	-	(80,049)	-	(693,666)	1,707,824
	67,282,002	18,478,646	(260,584)	-	-	-	85,500,064	(14,940,325)	260,584	-	(4,890,839)	-	(19,570,580)	65,929,484

Appendix B

Segmental analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation						Accumulated Depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand

Municipality

Executive & Council/Mayor and Council	22,979,510	2,894,486	(260,584)	-	-	-	25,613,412	(7,792,068)	260,534	-	(1,887,786)	-	(9,419,320)	16,194,092
Comm. & Social/Libraries and archives	9,691,117	-	-	-	-	-	9,691,117	(1,519,039)	-	-	(323,037)	-	(1,842,076)	7,849,041
Road Transport/Roads	34,611,375	15,584,159	-	-	-	-	50,195,534	(5,629,218)	-	-	(2,679,969)	-	(8,309,187)	41,886,347
67,282,002	18,478,645	(260,584)	-	-	-	-	85,500,063	(14,940,325)	260,534	-	(4,890,792)	-	(19,570,583)	65,929,480

Municipal Owned Entities Total

Municipality	67,282,002	18,478,645	(260,584)	-	-	-	85,500,063	(14,940,325)	260,534	-	(4,890,792)	-	(19,570,583)	65,929,480
67,282,002	18,478,645	(260,584)	-	-	-	-	85,500,063	(14,940,325)	260,534	-	(4,890,792)	-	(19,570,583)	65,929,480

Appendix C

	Prior Year 30 June 2011	Current Year 30 June 2012
Segmental Statement of Financial Performance for the year ended		

[illegible]

Appendix C

Segmental Statement of Financial Performance for the year ended
Prior Year 30 June 2011 **Current Year 30 June 2012**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Rand			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
64,279,238	47,895,169	16,384,069	Total	89,510,832	57,506,951	32,003,881